

MONTANA MEDICAL ASSOCIATION

Exhibit No. 48

2011 LEGISLATIVE SESSION - BUDGET ITEMS OF HIGHEST PRIORITY

Date 3-18-111. FUND SB 241 AND MAINTAIN PHYSICIAN MEDICAID REIMBURSEMENT AT CURRENT LEVELS HB 2

- HB 2 currently reduces physician Medicaid reimbursement to Medicare levels – an approximate 9% cut from current physician reimbursement rates.
- Reduction of Medicaid reimbursement levels to physicians leads to inappropriate utilization of care and increased costs to the Medicaid system:
 - The current physician Medicaid reimbursement statute was put in place due to severe Medicaid patient access concerns recognized by the legislature in 2007.
 - The current statute effectuated the legislature's goal to increase access to physicians by Medicaid patients, and a survey conducted of Montana physicians in the fall of 2010 indicated that 84% of responding physicians are now accepting new Medicaid patients.
 - The majority of physicians responding to the survey indicated that they will discontinue accepting new Medicaid patients if physician reimbursement is reduced from current statutory levels.
 - Lack of access to physician care due to inadequate reimbursement in Medicaid has historically lead to patients seeking costly care in emergency departments for services that can be more appropriately, efficiently and cost effectively treated in an office setting. This inappropriate utilization of care results in increased costs to the Medicaid system that can be avoided by providing physicians with adequate reimbursement to allow them to continue seeing Medicaid patients and accepting new patients.
- SB 241 maintains physician Medicaid reimbursement at fiscal year 2010 levels:
 - Amends the current physician Medicaid reimbursement statute, which currently calls for DPHHS to implement 6% increases to physician Medicaid reimbursement levels in fiscal years 2011, 2012 and 2013.
 - Under SB 241, physician Medicaid reimbursement would remain at FY 2010 levels through 2013 which would constitute a nearly 4-year freeze on physician reimbursement levels.
 - SB 241 prescribes increases equal to the CPI of medical services beginning in FY 2014.
 - SB 241 does not guarantee that access to physician medical services by Medicaid patients will remain at current levels, but it will allow physicians, as business owners, to budget for equipment, technology and workforce and it gives a reasonable expectation that access will not significantly diminish over the biennium.
- HB 2 currently does not provide funding for the Medicaid physician reimbursement levels prescribed in SB 241, nor does it fund the increases prescribed in the current physician Medicaid services reimbursement statute.

2. PASS THROUGH FEDERAL FUNDING FOR MONTANA MEDICAID INCENTIVE PAYMENT PROGRAM

- Congress appropriated approximately \$30 billion in 2009 to help Montana providers acquire and use Electronic Health Records (EHRs) to improve the quality of patient care. DPHHS (Medicaid State Agency) is currently developing the Medicaid Incentive Payment Program.
- This Program cannot begin without the federal funding that has so far been denied in HB 2.
- The Appropriations Subcommittee on Health and Human Services voted to not pass through the federal funds allocated to the Medicaid Incentive Program. Montana would be the only state to refuse federal funding of this program.
- Numerous Montana providers have already invested in EHR systems in reliance upon the federal funding.
- If this EHR funding is not included in HB 2, providers who have implemented EHRs will not receive money that they relied upon and funding will not be there for others who intended to begin the EHR adoption process in 2011. This money will, instead, be funneled to other states - not be returned to tax payers.

3. FUND WASHINGTON, WYOMING, ALASKA, MONTANA, AND IDAHO (WWAMI) MEDICAL PROGRAM

- Funding for the WWAMI program is currently included in HB 2. It is imperative that this funding remain intact to achieve the 5 original goals of this program:
 - Admit more Montana students to medical school
 - Train more primary care physicians
 - Bring the resources of the Washington School of Medicine to Montana communities
 - Place more physicians in rural areas of the state
 - Avoid capitol costs to Montana of building a new medical school.